



NEWSLETTER

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Canadian Chapter News

ALCAN BECOMES A CHARTER MEMBER

We are pleased to announce that Alcan Aluminium Ltd. is the latest corporation to throw its support behind the efforts of TI-Canada. Alcan joins GE Canada, IAMGOLD, Lindquist Avey Macdonald Baskerville, McCarthy Tréault, Ontario Hydro, and Placer Dome as part of our team of charter members. There are also many new individual members. Please send in your own application soon in support of our planned activities.

BOARD MEETING

On June 17 your Board of Directors met in downtown Toronto to discuss programmes and activities. A number of projects were approved and are now getting underway.

It is our intention to mount a conference in Ottawa during October. A morning session will be attended by deputy ministers, a luncheon by their ministers, and then an afternoon or evening session will be offered to the public and to consultants and practitioners in the Ottawa area.

We are preparing a manual on corruption, with short articles written by prominent Canadians who have taken an interest in the topic. Additional sections will address the US Foreign Corrupt Practices Act, recent international initiatives, and corporate codes of conduct.

A new promotional brochure for TI-Canada is nearing completion. If you would like to receive a copy of the draft version for comment, or if you can help us to translate it into French, please contact the office.

Dr. Wesley Cragg (Chairman of TI-Canada) and Michael Davies (Vice-Chairman) will attend the annual general meeting in Lima, Peru on our behalf. It is being held in conjunction with the Eighth Annual International Anti-Corruption Conference (IACC) from September 7 and 11.

TI-Canada has been invited to put together an international panel discussion in Political Party Funding at the IACC conference, and anyone who will be attending that conference is invited to call the office to discuss participation in the panel discussion.

Our vice-chair, Michael Davies, has recently been named by the Canadian Council of Independent

Businesses (CCIB) to chair its Standing Committee on Corruption and Bribery. The CCIB serves as the business arm of both the Organisation for Economic Co-operation and Development (OECD) and the International Chamber of Commerce (ICC) in Canada. He also gave a well-attended presentation on Bribery, Corruption, and Corporate Business Ethics at "CIDA Days" in Ottawa, and spoke to the Alberta branch of the Bar Association about international corruption.

Our treasurer, Michael Mackenzie, will head up a debate on the advisability of a Canadian FCPA this fall under the auspices of the Canadian Centre for Ethics & Corporate Policy. It will be a luncheon event at the King Edward Hotel in Toronto. For an update on the date of the event, please contact the office.

Our secretary, Peter Harris, is working with officials in Ottawa to obtain tax-deductibility for TI-Canada. We are being careful to set this up in such a way that our ability to lobby and to critique government initiatives is not threatened.

VISIT FROM NICARAGUA

On July 11, a delegation from Nicaragua met with members of TI-Canada after visiting the Office of the Auditor General in Ottawa. The delegation included the Comptroller General, who is second only to the President in rank, and two of his senior ministers. They are anxious to encourage the formation of TI-Nicaragua, but recognize that they cannot be directly involved in the process without threatening its independence and credibility.

They have already taken courageous steps towards reform on their own. For example, there is a law in Nicaragua that public projects should be offered on a tender basis, but that the Comptroller General can make exceptions (award projects without bidding) in special cases. In the past, this 'special case' rule has been invoked all too often.

The Comptroller General has made two significant changes to this process. First, anyone who requests a non-bid contract must provide written reasons for that request. Second, that request and the reasons behind it are published for all to see. People are invited to express their objections to the request. This is a very good example of transparency.

The result has been that there are many fewer requests for these exceptions.

It is a great sign of sincerity when a powerful public figure (and a popular freedom fighter) voluntarily surrenders a large part of his own discretion. TI-Canada is writing a letter to the people in Nicaragua who are trying to form a chapter, offering to help in any way it can.

International News

HEAD OFFICE ADMINISTRATION

In April, a Strategy Planning Meeting was held in Brandenburg, Germany to discuss issues rising out of the high number of diverse national chapters (47 formed and 22 forming) that now belong to TI.

TI reaffirmed its commitment to prevention and system reform instead of exposing corruption. It reaffirmed its aversion to any political involvement and its proscription of consultancy work by any national chapter. TI works by building coalitions, raising awareness, and supporting a network of national chapters.

Another move from the Brandenburg Group is the appointment of one representative from each accredited national chapter as an Active Member of the governing body of Transparency International.

TI AND THE OECD

As many of you already know, the Organisation for Economic Co-operation and Development (OECD) has been debating ways to update its 1984 Recommendation on Combatting Bribery in International Business Transactions. On May 26 it released its "recommendation to help suppress bribery in international business." It includes specific commitments in terms of "criminalization, accounting, public procurement and the tax deductibility of bribes."

Under the new recommendation, member countries commit to "criminalize the bribery of foreign public officials in an effective and coordinated manner" by introducing legislation before April 1, 1998 that will be enacted within one year of that date.

To this end, the OECD has opened negotiations on an international convention to criminalize bribery, beginning with a list of "common elements" that would be expected in any such legislation. These are based on the original US Foreign Corrupt Practices Act of the Carter era, removing many of the defenses that were added by the Reagan administration in 1988 to weaken its effect.

Countries that still allow tax deductibility of bribe payments, contrary to the 1996 OECD recommendation, are

urged to end the practice.

This issuance of this recommendation is, in part at least, the result of Transparency International's lobbying. TI mobilized business leaders across Europe to sign a joint letter to the OECD stating their support for anti-corruption legislation. This is the sort of coalition building that makes us proud to be associated with TI.

Copies of the recommendation, and the "agreed common elements" can be downloaded from the OECD web site, or you can contact the office.

TI-USA RESPONDS

Fritz Heimann, president of TI-USA chapter has issued a statement analyzing the "agreed common elements" that are attached to the above recommendation. He advises that they should go further to cover bribery of judges, and that they should cover bribes involving tax or regulatory matters instead of being limited to bribes to obtain or retain business." However he warns that any attempt to regulate small facilitating payments "will meet with strong resistance.

The definition of who is a "public official" should be broadened to include quasi-political bodies (analogous to our Crown corporations), political party donations, and legislators. In order to include corporations (and not just individuals) in culpability, it should be also be a crime to "authorize" a bribe.

Mr. Heimann advocates "private rights of action" which would allow people to sue one another for violations, as is common in the United States.

He objects to the term "active bribery." In this context, the term active bribery is assigned to those who pay a bribe, and the term passive bribery is assigned to those who receive it. These terms are being used to drive home the point that those who pay bribes (first world countries) are just as responsible for bringing bribery to an end.

If you would like a copy of these comments, please contact the office.

AUSTRALIA

The Australian government does not feel that its businesses are contributing heavily to corruption, but considers it a broad international issue requiring multilateral action. Accordingly, it is moving to implement the OECD recommendations by drafting legislation to end tax deductibility of bribes, and to criminalize the bribery of foreign officials. Already when Australia gives foreign aid, it is conditional on the adoption of certain anti-corruption procedures.

BELGIUM

A bill has been introduced to fight corruption more efficiently, and it includes extending the jurisdiction of

Belgian courts to extra-territorial bribery. There is also a proposal to end tax deductibility of "secret commissions" in some cases.

BRAZIL

Several government ministers and a workers' party presidential candidate were exposed in the press by disgruntled co-workers.

EUROPEAN COMMISSION

At the end of May, the European Commission adopted a "Union Policy Against Corruption" with anti-corruption suggestions in the areas of criminal law, tax deductibility, public procurement, accounting and auditing, conditional development aid, and blacklisting.

The 15 members of the European Union (EU) Council of Ministers have agreed to draw up a Convention on "the fight against corruption involving officials of European Communities or officials of EU member states" which will criminalise trans-border corruption within EU territory.

GREECE

TI-Greece was launched on June 9 with a well-publicized and high quality conference. It was attended by a paid audience of about 200 people including Members of Parliament, researchers, and business people. A survey indicated that 35% of Greek citizens actively use bribery, and that there is need for reform.

MOROCCO

As municipal council seats were being contested, TI-Moroc took the opportunity to forward arguments about corruption and how it works against the economic development of the nation, advocating democratic inputs into public decisions.

PANAMA

In another recent example of TI's ability to take positive and constructive action, TI-Panama was recently involved in the partial privatization of the public telephone company. At the invitation of the president (Ernesto Balladares) TI-Panama participated in every step of the bidding process, including attending the telephone company's board meetings to watch how the decision process unfolded. The two final bidders included a transparency clause in their contracts that forbade giving or receiving bribes. TI-Panama issued a statement to testify to the integrity of the transaction.

PAPUA NEW GUINEA

A National Integrity Workshop was held at the end of May just prior to an election. An Integrity Pledge was devised and leadership candidates have been urged to sign

it. Using "moral-suasion" TI-PNGI (which has strong corporate sponsorship) was able to get several of the political candidates to sign the pledge under the watchful eye of television cameras. The pledge includes an agreement to make public the assets and income of government leaders. The workshop ended with a prayer service by Archbishop Hand.

UGANDA

Uganda held its third National Integrity Workshop on May 28th, with more than 60 senior government officials and representatives of the judiciary, the media, and the private sector. Also in attendance were members of enforcement and watchdog agencies, resulting in headlines such as, "Corrupt MP(s) Should Resign" and "IGG Wants Leaders' Property Exposed."

The goal of the workshop was to expedite "prosecution, imprisonment, and confiscation of stolen funds and properties." Three agreements were made; to launch a mass awareness campaign using TV and radio, to hold a workshop to empower anti-corruption workers to develop and submit funding proposals, and to improve customer service within government departments.

An anti-corruption week (of three days duration) was held. The first day featured a seminar on "State and Civil Society in the Fight Against Corruption." The second day featured a demonstration march, and the third featured a play called, "The Impossible is Possible" which was attended by several hundred people.

UKRAINE

Efforts are underway to form a chapter here, led by Mr. Holovaty who is the Minister of Justice. However his work is meeting with apathy from the government and from the public. They do not seem to be aware of the international perception that they are creating. Stanley Fischer, Deputy Managing Director of the International Monetary Fund, says that there are a lot of reforms they need to undertake. They need to get their budget on track, they need to get their tax system far more under control, and there's the issue of corruption in Ukraine ... its particularly marked in the Ukrainian case."

Mr. Holovaty has scheduled national integrity workshops for late in September.